

**State Employee Benefits Committee**  
**January 24, 2011, 2:00 p.m.**  
**Tatnall Building, Room 112**  
**Dover, Delaware**

The State Employee Benefits Committee met on January 24, 2011 at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB	Andrea Godfrey, OMB
Brenda Lakeman, OMB, Director, Statewide Benefits	Chris Ulrich, University of Delaware
Faith Rentz, OMB, Statewide Benefits	Mary Cook, Department of Education
Ann Skeans, OMB, Statewide Benefits	Katherine Impellizzeri, Aetna
Larry Frank, Statewide Benefits	Julie Caynor, Aetna
Mary Thuresson, OMB, Statewide Benefits	Mike North, Aetna
Vicki Ford, OMB, Financial Operations	Drew Brancati, Blue Cross Blue Shield DE
Casey Oravez, OMB, Financial Operations	Faith Joslyn, Blue Cross Blue Shield DE
Jill Ipnar, OMB, PHRST	Gary Lake, Blue Cross Blue Shield DE
Mike Casey, AON Consulting	Joe Morocco, HMS
Carolyn Berger, Justice, Supreme Court	Carrie Schiavo, Delta Dental
Andrew Kerber, DAG, Department of Justice	Al MacDonald, Delta Dental
Russ Larson, Controller General	Wayne Kee, Dominion Dental
Lori Christianson, Controller General's Office	Sandy Richards, AFSCME
Steve Kubico, Controller General's Office	Tom Adams, DRSPA
David Gregor, Department of Finance	Tim Barchek, DSEA
Jennifer Vaughn, Department of Insurance	Jim Testerman, DSEA, Retired
Karen Weldin Stewart, Insurance Commissioner	Richard Phillips, DSEA, Retired
Chip Flowers, State Treasurer	James Harrison, Retiree
Erika Benner, State Treasurer's Office	Ted George, DSBA
Barb Bennett, State Treasurer's Office	Jack Cairn, DRSPA
Kelly Callahan, State Treasurer's Office	Don Leets, citizen
Henry Smith, DHSS	Crystal B. Leetec, citizen
David Craik, Office of Pensions	David Leiter, DHSS
	Lisa Carmean, City of Milford

Agenda Items Discussed:

### **Introductions/Sign In**

Ms. Visalli called the meeting to order at 2:00 p.m. All were asked to sign in. Those who want to give public comment were asked to sign that sheet. Introductions around the room followed.

### **Approval of Minutes**

Ms. Visalli asked members to review the prior meeting minutes for December 6, 2010. She asked for a motion to approve the minutes. Controller General Larson made the motion and Mr. Smith seconded the motion. Upon unanimous voice approval the motion passed.

### **Director's Report - Brenda Lakeman**

The Prescription RFP finalist interviews are slated for February 14 and 15. The award will be effective July 1. Effective February 1, Lab Corp will be the Blue Cross provider for lab work. The first reimbursement payment of \$1.4 million (M) for the Early Retiree Reimbursement Program covering June 2010 was received. This can be claimed quarterly, so March is the next time it can be submitted.

### **November and December 2010 Fund and Equity Reports – Vicki Ford (handout)**

At the December SEBC meeting it was reported the health fund had an adjusted cash fund balance of \$8.9M at the end of October. In November \$2M was received for Medicare Part D subsidy and ending fund balance was \$15.1 M. In December, a \$5.4M quarterly Medco rebate was received. Currently, at the end of December, our adjusted cash fund balance is \$24.6 M.

### **FY 2012 Group Health Planning**

#### **Coverage of Dependents to Age 26 – Faith Rentz (handout)**

In an effort to keep the Committee informed of the changes with Health Care Reform, the handout was prepared to walk them through the proposed changes to cover and add dependents back into the state group health plan effective July 1, 2011. The Benefit Mandate was explained in detail. There are two implementation requirements which are: 1) Must provide written notice to all benefit eligible employees and pensioners; and 2) Must provide a 30 day enrollment period. Following is the Statewide Benefits Office proposed timeline and process for compliance:

- Include information and instructions to employees in 2011 Open Enrollment materials
- For the purposes of adding eligible dependents who have previously terminated under the GHIP, add additional days to the 2011 Open Enrollment period (May 9th – June 9th)
- Modify GHIP Eligibility and Enrollment Rules to fully comply with this provision of Health Care Reform
- Coordinate PHRST and other payroll system changes to ensure coverage continues regardless of student status and until the end of the month in which the dependent turns age 26 – same coverage rules will apply to dependent enrollment in GHIP dental and vision plans as well as School District/DSU/DTCC pre-tax benefits

#### **Items presented for discussion included:**

- Require a Dependent Coordination of Benefits/Other Employer Sponsored Coverage Certification
- Current policy with regards to full time student status/graduates and those turning 24 will result in approximately 120 dependents losing coverage effective 6/1/11

Lengthy discussion followed regarding the impacts to employees who may have dependents who will terminate in May due to graduation or reaching the age of 24. In response to a statement that the private sector is doing this, Ms. Visalli asked Ms. Rentz and Ms. Lakeman to send information to the SEBC of exactly what is going on in the private sector and across the country. It was discussed that legislation is necessary to modify Delaware Code to allow for continued coverage for dependents whose coverage would terminate on June 1st. The SEBC cannot submit legislation. Justice Berger made a motion that the SEBC support the use of health funds (estimated to be \$46,000) to pay claims for dependents whose coverage would otherwise terminate on June 1st in the event that legislation is introduced, voted by the legislature and signed into law to allow graduates and dependents turning age 24 in the month of May to remain on their parent's policy through June and until they are eligible for coverage under the Coverage of Dependents to Age 26 provision of Health Care reform on July 1, 2011. Insurance Commissioner Weldin Stewart seconded the motion. Ms. Visalli requested a roll call be done for the votes. Ann Visalli, abstained; David Gregor (representing Tom Cook), abstained; Insurance Commissioner Karen Weldin

Stewart, yes; Controller General Russ Larson, yes; Henry Smith, opposed; Treasurer Chip Flowers, yes; Justice Carolyn Berger, yes. Ms. Visalli stated one no, two not voting, the motion passed. Justice Berger and Insurance Commissioner Weldin Stewart agreed to work together on the necessary legislation.

Ms. Rentz added that the Adult Dependent Plan that was passed into law from the 143rd General Assembly, HB 446 created the Adult Dependent Plan. The plan will continue after July. There are currently individuals enrolled in that plan who may not necessarily go back on their parents' plan effective July 1, so monitoring will continue and updates will be provided. There were no questions.

#### Mental Health Parity – Brenda Lakeman (handout)

In depth details of the topic were explained. Overall, the Act applies to both fully-insured and self-insured plans offered to groups of more than 50 employees. For plans offering Mental Health and Substance Abuse (MHSA) benefits, the Act requires that MHSA benefits have equity with the employer's medical and surgical benefits with respect to cost sharing and treatment limits. The state had believed they were in compliance last year, but discovered they were not. They applied and received an exemption. The SEBC must now decide if they want to come into compliance for the upcoming year or apply for another exemption. The annual costs for compliance are estimated to be approximately \$585,000. The following options were presented for the FY12 plan year:

- Reapply for the exemption to the Mental Health Parity requirement
  - Benefits would continue at the current level
  - No cost to the State
- Make necessary plan changes to be compliant as of July 1, 2011
  - Comprehensive PPO Plan
    - Change in-network outpatient mental health visit from \$25 copay to \$15 copay
    - Cost is \$340,000
  - Blue Cross Blue Shield Blue Care HMO plan
    - Change in-network outpatient mental health visit from \$20 copay to \$10 copay
    - Cost is \$245,000
  - POS plan for Port employees
    - Change in-network outpatient mental health visit from 10% coinsurance to \$5 copay (to maintain grandfathering)
    - Change in-network professional emergency room services from 10% coinsurance to \$0
    - Net cost is \$0

Discussion with questions and answers was intermingled after which Ms. Visalli gave a re-cap. Costs to comply will be borne by both the state and the employee. On average, the state pays 93 percent and employees pay 7 percent of the total premiums. The costs for compliance would be shared across all plans. Last year the state picked up more costs. In the spring rates will be decided. Wellness is helping to keep costs down and trends are down. An exemption must be applied for if that is the option the SEBC wants to exercise. Controller General Larson made a motion to reapply for the exemption which was not seconded by any of the other members. The motion did not carry. The SEBC will revisit the options again as part of the FY12 planning/budget process.

### **FY12 Dental Benefit Contract Award Recommendation – Faith Rentz (handout)**

The background leading up to the Dental recommendation was detailed (per handout). After the final PRC review the following recommendation was presented for vote to the SEBC.

#### **Recommendation**

RESOLVED that with respect to the award of contracts pursuant to the Request for Proposal (RFP) for Professional Services to Provide Administrative/Insurance Services for the Statewide Dental Program, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:

Contract award for Dental HMO to Dominion Dental subject to a finalized contract and performance guarantees for a three year initial term with two one year renewal options. Rates will be guaranteed for three years at approximately 14% above the current year rates. Plan design will remain unchanged; however, in an effort to encourage proper dental care, Dominion Dental has agreed to offer in FY12 a \$20 rebate/incentive payment to each member who receives the recommended two cleanings during the plan year.

Contract award for a Preferred/Premier/Indemnity Program (PPO) to Delta Dental subject to a finalized contract and performance guarantees for a three year initial term with two one year renewal options. Rates will be guaranteed for three years at approximately 26% above the current year rates. Plan design will remain unchanged; however, in an effort to partner with the State in communicating the value of the PPO dental plan, Delta Dental agreed to contribute \$10,000 toward communications in lieu of implementation costs.

After questions were answered Ms. Visalli asked for a motion to approve the recommendation as presented. Insurance Commissioner Weldin Stewart made the motion and Controller General Larson seconded the motion. Upon unanimous voice approval the motion passed.

#### **SEBAC Comments**

Ms. Lakeman read the SEBAC Comments as no members were present. Their comment was: “SEBAC takes no position regarding the proposal on mental health parity at this time, although we strongly support ensuring mental health parity over the long run.”

#### **Public Comments**

Ted George, Retiree – There have been no increases in pension checks for five and a half years. He asked the SEBC to keep that in mind for the new budget year.

Dave Leiter, state employee – had questions about the Age 26 Dependents. He thought last year they discussed start up/administrative costs and wanted to know where the money came from. Ms. Visalli stated they would advise him. He stated he attempted to get on the DelaWELL site again but it asked for his SSN so he did not register. The pay scale of some employees was presented. They were found on the state web-site. It was noted how they went from very low to very high pay, yet all state employees pay the same health care rates and he wondered why. He wonders why retirees have to beg for benefits. Why don't they keep their word? What happened to honor and responsibility? The custodians and maintenance pay grades 1-5 get hurt the most when increases happen. Ten dollars may not seem like a lot to many, but it is to those people and they have the hardest jobs. He also stated no one can explain to him how

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employees can get to 100 percent or 120 percent of midpoint in their pay. People are scared. Stop threatening to take away more.

Ms. Visalli stated the pay scales are on the OMB site. She clarified that you pay a percentage of your salary toward pension. After five years you are vested. Health care is not the same. There is no guarantee that those rates stay the same for retirees.

**Other Business**

None.

Ms. Visalli stated the committee needed to go into Executive Session to hear a health appeal and there would be no further business conducted after Executive Session. A reminder was given that the next SEBC meeting is scheduled for February 7, 2011 at 2 p.m. in the same room. She then asked for a motion to adjourn and go into Executive Session. Commissioner Weldin Stewart made the motion and Controller General Larson seconded the motion. The motion carried upon unanimous voice approval at 3:16 p.m.

At 3:45 p.m. the public session reconvened. Ms. Visalli asked for a motion to defer the vote on the health appeal until the next SEBC meeting. Treasurer Flowers made the motion and Justice Berger seconded. The motion passed with unanimous voice approval.

Ms. Visalli asked for a motion to adjourn. Insurance Commissioner Weldin Stewart made the motion and Mr. Smith seconded. Upon unanimous voice approval the public meeting ended at 3:46 p.m.

Respectfully submitted,

Mary K. Thuresson  
Administrative Specialist  
Statewide Benefits Office, OMB